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NAHU Members, Hit by High Costs, Uncertainty, Hopes for Rescue by H.R. 1206

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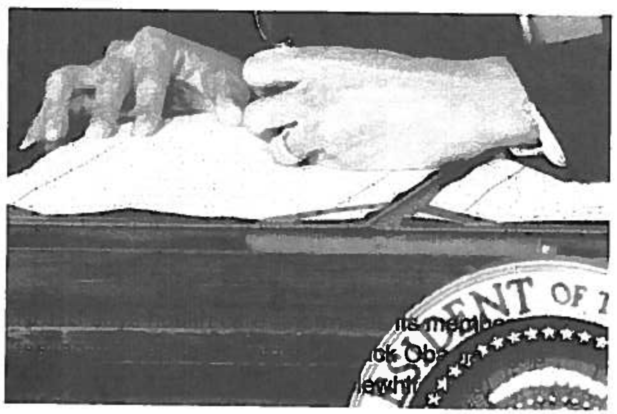

WASHINGTON – The 100,000 health insurance producers who belong to the National Association of Health Underwriters are hoping allies will help rescue them from what they see as an increasingly desperate situation – but relief isn't necessarily on the way any time soon.

Jessica Fulginiti Waltman, senior vice president, government affairs for NAHU, Arlington, Va., talked to attendees about producers' plight Thursday here at a state issues conference organized by America's Health Insurance Plans (AHIP), Washington.

On top of the economic stresses and regulatory challenges facing all small business owners, NAHU members also face uncertainty about implementation of the Patient Protection and Affordable Care Act of 2010 (PPACA) provisions concerning the individual health insurance ownership mandate, rules for small employers, and, above all, the new health insurer and health plan medical loss ratio (MLR) requirements.

Health producers have taken "big hits this year," and are just hanging on, Waltman said.

For NAHU members, passage of H.R. 1206 – a federal producer MLR relief bill – is critical, and NAHU is working with the National Association of Insurance Commissioners, Kansas City, Mo., to get that bill passed, Waltman said.

NAHU expects to see action on the bill in the fall, according to Waltman. She noted that the bill has 132 bipartisan co-sponsors. Waltman added that Sens. Mary Landrieu, D-La., and Ben Nelson, R-Fla., have sent letters of support for the bill to the U.S. Department of Health and Human Services.

The main PPACA MLR provision requires insurers to spend 85% of large group revenue and 80% of individual and small group revenue on health care and quality improvement efforts.

Agents and brokers say health insurers are citing the provision as a reason to slash producer commissions, or even to eliminate producer compensation altogether. Producers have been arguing that MLR calculations ought to exclude producer commissions, because, as producers see it, customers are really the ones who pay the commissions, and insurers collect the commissions as a convenience for the customers.

If implemented as written, H.R. 1206 would get producer compensation out of the MLR calculations.

The bill would also require the HHS secretary to defer to a state's findings and determinations when a state asks for an MLR adjustment based on a belief that enforcing MLR rules could destabilize the state's individual or small group health insurance markets.

The bill was introduced March 17. The last official congressional action on the bill came March 28, when the bill was referred to the House Energy and Commerce Committee's Subcommittee on Health.

Early on, Kevin McCarty - the Florida insurance commissioner and the leader of the NAIC's Professional Health Insurance Advisors Task Force – led an effort to get the NAIC to back H.R. 1206.

The NAIC "strongly advocates for the continuing role of licensed independent insurance producers in health insurance, and has expressed that the ability of insurance agents and brokers to continue assisting health insurance consumers at a time of rapid insurance market changes is more essential than ever," according to the text of H.R. 1206.

In July, however, the NAIC backed away from the idea of supporting the bill. The NAIC plenary – the body that includes all voting NAIC members – decided during a conference call not to act on a proposal calling for the NAIC to support the bill.

California Insurance Commissioner Dave Jones and several other commissioners expressed opposition to the H.R. 1206 support proposal during the call.

NAHU then came out with a statement that noted that the NAIC Executive Committee was never scheduled to vote on the endorsement of HR 1206 at its meeting, but that the lack of action in July doesn't mean that there will not be further NAIC action on this issue in the future.

OpenCongress.org lists NAIC as a supporter of the bill.